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John A. Ricker
Executive Director
Universal Service Support Programs

October 1, 1998

Magalie Roman Salas
Secretary
Federal Communications Commission
1919 M. Street, N.W.
Room 222
Washington, D. C. 20554

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OCT - 1 1998

**FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY**

RE: TRS Fund Administration
CC Docket No. 90-571

Dear Ms. Salas:

In accordance with 47 C.F.R. § 64.604 (c)(4)(iii)(H), enclosed are the original and four (4) copies of the National Exchange Carrier Association, Inc.'s Annual Submission of TRS Payment and Revenue Requirements.

Acknowledgment and date of receipt of this letter is requested. A duplicate copy has been provided for that purpose.

Sincerely,

John A. Ricker

Enclosures

cc: Anna Gomez, Network Services Division, Common Carrier Bureau (w/enclosure)
Kurt Schroeder, Network Services Division, Common Carrier Bureau (w/enclosure)
Debra Sabourin, Network Services Division, Common Carrier Bureau (w/enclosure)
James Lande, Industry Analysis Division, Common Carrier Bureau (w/enclosure)
ITS (w/enclosure)

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A handwritten signature in black ink, which appears to read "John A. Ricker", is written over a diagonal line that extends from the bottom left towards the center of the page.

John A. Ricker

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Before the
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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of:)
)
Telecommunications Services for)
Individuals with Hearing and) CC Docket 90-571
Speech Disabilities, and the)
Americans with Disabilities Act)
of 1990)

Interstate Telecommunications Relay Services Fund

Payment Formula and Fund Size Estimate

National Exchange
Carrier Association, Inc.
100 South Jefferson Road
Whippany, NJ 07981

October 1, 1998

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In the Matter of:)
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Telecommunications Services for)
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I. Introduction

47 C.F.R. § 64.604 (c) (4) (iii) (H).

² See Telecommunications Relay Services, and the Americans with Disabilities Act of 1990 (CC Docket No. 90-571) Third Report and Order, July 20, 1993 (TRS III). TRS III modified and adopted certain rules regarding TRS interstate shared funding that were proposed in the Commission's Order on Reconsideration, Second (continued...)

Upon approval by the Commission, beginning January 1, 1999, NECA will distribute funds to TRS providers based on the schedules filed herein.³ The proposed payment amount is expected to remain in effect through December 31, 1999.

II. Interstate TRS Fund

The TRS Fund is designed to compensate eligible providers for the costs of furnishing interstate TRS.⁴ Fund distributions to providers are made on the basis of a payment formula initially computed by NECA in accordance with Commission rules and then approved or modified by the Commission. The 1999 payment formula is based on projected total monthly interstate minutes of use and

(...continued)

Report and Order, and Further Notice of Proposed Rulemaking, 8 FCC Rcd 1802 (TRS II).

³ The Commission adopted shared funding as the method for interstate cost recovery in TRS II, proposing at that time that NECA be named administrator of the interstate TRS Fund (TRS II at 2 and 27). TRS III designated NECA as administrator for a two-year period. In its fund administrator order, CC Docket No. 90-571, Memorandum Opinion and Order, June 29, 1995, 10 FCC Rcd 7223 (1995), the Commission extended NECA's term as administrator for four additional years until July 23, 1999.

⁴ Eligible providers are defined as (1) TRS facilities operated under contract with and/or by certified state TRS programs pursuant to Section 64.605; or (2) TRS facilities owned by or operated under contract with a common carrier providing interstate services pursuant to Section 64.604; or (3) interstate common carriers offering TRS pursuant to Section 64.604. 47 C.F.R. § 64.604(f).

projected costs for 1999.⁵ NECA's formula development is shown in Section III, infra.

The Commission's shared-funding mechanism for interstate TRS ensures that the costs of meeting TRS obligations are borne equitably and fosters efficiency and high quality service. The fund requires contributions from all interstate telecommunications common carriers, based on each carrier's percentage of total nationwide interstate revenues obtained from the provision of certain interstate telecommunications services.⁶ The annual TRS funding period commences April 1 and ends March 31, with payments due monthly on the 26th of each month.⁷

⁵ The Commission defined payable (for purposes of interstate cost recovery) TRS minutes of use as minutes "for completed interstate TRS calls placed through the TRS center beginning after call set-up and concluding after the last message call unit". See 47 C.F.R. § 64.604 (c)(4)(iii)(E).

⁶ In TRS III the Commission adopted rules requiring every carrier providing interstate telecommunications services to contribute to the TRS Fund on the basis of its relative share of gross interstate revenues. These contributions are made by carriers offering interstate services including, but not limited to, cellular telephone and paging; mobile radio; operator services; personal communications service (PCS); access (including subscriber line charges); alternative access and special access; packet-switched; WATS; 800; 900; message telephone service; private line; telex; telegraph; video; satellite; intraLATA; international and resale services. See 47 C.F.R. § 64.604 (c)(4)(iii)(A).

⁷ Telecommunications service providers having required contribution levels of \$1,200 or less are required to submit a single annual payment by April 26th.

III. Cost and Formula Development

TRS providers continue to be a diverse group. Services are offered by large interstate interexchange carriers, large and small local exchange carriers, and not-for-profit and for-profit associations. Typically, TRS has been offered by common carriers under contracts to states, which may or may not have provided for interstate TRS prior to July 26, 1993 (the effective date for interstate TRS funding). Despite the variations in types and sizes of TRS operations, NECA has employed measures that bring consistency to the process of collecting and analyzing TRS data. These measures result in reliable estimates of the total interstate TRS Fund size, and a payment formula that is a reasonably accurate reflection of average costs to provide interstate TRS nationwide.

TRS providers submitted to NECA certain cost and demand (minutes of use) data in response to a request mailed by NECA to all interstate TRS providers on May 27, 1998.⁸ TRS providers typically are not subject to the Commission's Part 32 rules (Uniform System of Accounts). To assure consistency among providers' reported data, NECA requested that cost data be submitted using functional accounting guidelines based on the relevant Part 32 accounts. NECA supplied TRS providers with the

⁸ A copy of NECA's data request is included with this filing as Appendix A.

necessary account descriptions as a guide to reporting expense data.⁹

TRS III delayed the requirement to provide TRS service from coin telephones on a sent-paid basis until July 1995.¹⁰ Subsequently, the Commission extended the date for technical implementation of coin sent-paid calling capability. For an interim period beginning in August 1995, the Commission established requirements for providing coin sent-paid service through non-technical means.¹¹ Included in the data provided and

⁹ In TRS III the Commission directed the administrator to "fashion a form . . . consistent with Parts 32 and 36 procedures . . . to meet the needs of TRS providers who would otherwise not be subject to Part 32" (TRS III at 13-14, ¶30). NECA's data request of May 27th supplied thorough instructions, including detailed descriptions of accounts that closely track Part 32 definitions. NECA's review process showed that TRS providers followed these instructions to the extent possible. NECA concludes, therefore, that this process resulted in a collection of TRS cost and demand data consistent with the Commission's rules.

¹⁰ Telecommunications Relay Services, and the Americans with Disabilities Act of 1990 (CC Docket No. 90-571), Order, 8 FCC Rcd 8385 (1993).

¹¹ Telecommunications Relay Services, and the Americans with Disabilities Act of 1990 (CC Docket No. 90-571) Memorandum Opinion and Order, 10 FCC Rcd 10927 (rel. August 25, 1995). See also Telecommunications Relay Services, and the Americans with Disabilities Act of 1990 (CC Docket No. 90-571) Order, 12 FCC Rcd 12196 (1997) (Common Carrier Bureau suspended enforcement of requiring TRS to be capable of handling coin sent-paid calls through technical means until August 26, 1998) and Order, DA 98-1595 (rel. August 10, 1998) (Common Carrier Bureau extended the suspension of the coin sent-paid requirement for one additional year until August 26, 1999.)

the calculation of the 1999 TRS provider compensation rate are estimated costs associated with this non-technical solution.

From the resulting data submissions, NECA developed projections of total nationwide and interstate TRS costs, an average interstate TRS cost per minute, interstate TRS demand, and the total TRS fund requirement for April 1999 through March 2000. Fund administration expenses were added to the result, producing the total projected interstate TRS Fund size. (Data development is described more fully below.)

Cost data reported by TRS providers consisted of TRS actual costs for 1997 and estimated costs for 1998 and 1999. NECA analysis found some disparities between levels of expenses within account categories. NECA investigated these when the disparity between similarly configured providers seemed unusual, or when expenses fell out of range with similar reported expenses in general. Providers were contacted to resolve questions of data accuracy, potential errors of omission, and other exceptions. Discrepancies were resolved before the data was used.

Since many TRS providers are not subject to the Commission's separations rules, they do not perform studies to allocate costs (and thus develop interstate costs) between the intrastate and interstate jurisdictions. In TRS III, the Commission observed that its Part 36 separations rules prescribe "minutes of use" as the

allocator for operator services (the telecommunications function most closely approximating the principle function of TRS).¹²

NECA believes that minutes of use continue to be a practical and logical cost allocator for determining interstate TRS costs. Once the relationship of a TRS center's interstate minutes to its total minutes (interstate factor) is known, a usage-based factor may be applied to total TRS center costs to determine the interstate TRS center costs. This provides a reasonable and practical simulation of Part 36 separations procedures.¹³

Demand data reported by TRS providers consisted of TRS actual annual demand for 1997 and estimated annual demand for 1998 and 1999. The data included interstate and international usage. Minutes of use associated with calls placed to toll free numbers (i.e., 800/888) are also included in the data projections.¹⁴ TRS providers have informed NECA that they are unable to identify the jurisdiction of calls placed to toll free numbers, because the calling party is not billed for these calls. As a result,

¹² TRS III at 13.

¹³ The costs of providing interstate TRS do not vary significantly from the costs of providing intrastate TRS. The service provided (i.e., transliteration of TTY text to speech and vice versa) is essentially the same, regardless of whether a call is made across the street or across the nation.

¹⁴ For most TRS providers, the data submitted for the 1996 filing represented their initial reporting of toll free minutes.

providers must estimate the interstate usage associated with these messages.

Recognizing that some portion of calls placed to these toll free numbers is interstate in nature and eligible for reimbursement from the interstate Fund, NECA sought guidance in establishing a methodology for all providers to use to determine their interstate toll free minutes from the Interstate TRS Advisory Council at its September 1996 meeting.

The Advisory Council recommended that, for the 1996 and future filings, NECA develop a factor based on the relationship of interstate and international billed minutes to interstate, international, and intrastate toll minutes that are billed to the calling party for the TRS centers. Based on this methodology, NECA developed a factor of 64 percent interstate to be applied to total 800 service minutes.¹⁵ This surrogate will be used by all TRS providers to report their interstate toll free minutes to the fund

¹⁵ As was the case with the 1997 Submission, this factor was developed using the data for large providers accounting for approximately two-thirds of the minutes processed by all TRS centers. The resulting factor continues to be the same percentage that was in effect for 1998.

for compensation.¹⁶ The interstate and total minutes of use included herein reflect this methodology.¹⁷

A TRS cost per minute of use for each center was calculated by dividing its projected total 1999 TRS costs by projected total 1999 TRS minutes. Exhibit 1 displays these calculations. The resulting individual center cost per minute was multiplied by that center's estimated 1999 interstate minutes (including international minutes) to produce interstate costs by TRS center.

Individual center interstate costs (calculated in the manner described above) were summed, as were individual demand projections. Total interstate costs for all providers were then divided by total interstate minutes to determine the national average cost per minute of use to be paid to eligible TRS providers. Exhibit 1 also displays the formula, and national

¹⁶ This factor will be effective for the reporting of 1999 minutes.

¹⁷ On August 28, 1997, subsequent to the collection of data from the TRS providers, the Florida Public Service Commission filed a Petition for Relief (Florida Petition) requesting the Commission to direct NECA to include in this filing projections of interstate toll-free minutes for prior periods dating back to June 1992. In a Public Notice, released September 5, 1997, the Commission sought comment on the Florida Petition. As NECA explained in its Comments filed on September 19, 1997, even if the Commission were to require the retroactive compensation requested by the Florida PSC, insufficient time was available for NECA to collect the requested data from the TRS providers and include it in the instant submission. Hence, the projections for 1998 do not include any interstate toll free minutes or corresponding funding requirements for prior periods.

average cost per minute, using the aggregate data assembled by NECA.¹⁸

The average payment formula, based on demand and revenue requirement projections for calendar year 1999, as calculated by NECA is proposed to be \$1.179 per interstate minute of use, as compared to the present rate of \$1.168. Nationwide interstate demand for the period April 1999 through March 2000 is projected to be 38 million minutes. The total interstate TRS revenue requirement for that period is projected to be \$ 44.4 million, based on the application of the nationwide average rate to total interstate annual demand.

NECA administrative expenses are estimated to be approximately \$ 403 thousand for the April 1999 through March 2000 funding period. All NECA expenses associated with TRS are accounted for on a "keep-cost" basis and charged only to the TRS Fund.¹⁹ (NECA's annual expenses, summarized monthly, incurred for operation of the TRS Fund for the current period are included at

¹⁸ Exhibit 2 details actual fund performance and future performance projections based on actual performance.

¹⁹ NECA keeps account of its expenses using a Commission-approved Cost Allocation Manual (CAM). Direct and indirect TRS expenses incurred by NECA are separately identified according to CAM procedures. Interest Income associated with TRS is also separately identified. NECA's TRS expenses will be recovered only from the TRS Fund, and before TRS funds are disbursed. NECA has filed CAM revisions with the Commission to reflect TRS cost allocation procedures. See 47 C.F.R. § 64.604(c)(4)(iii)(H).

Exhibit 3.)²⁰ NECA's projection of interest on invested TRS funds for the same period is \$ 1.5 million.

Consistent with actual experience of the TRS Fund, no allowance has been made for uncollectibles in this filing.

For 1999, the forecast of total minutes and costs declined from the 1998 projection by 7 percent and 5 percent respectively but the proposed 1999 average payment formula reflects a small increase of approximately .9 percent over the 1998 per minute compensation level. Some high cost centers have closed during the past two years and been replaced with lower cost centers. Other high cost centers show a steady decline in costs during the same time period. A few very low cost centers reflect significant increases in their costs, ranging from 34.5 percent to more than double the center's average cost per minute from 1998. Minute forecasts for three centers show significant reductions totaling almost 30 million minutes from their 1998 projections.

While total costs and minutes are projected to decrease for existing providers in 1999, the entrance of a new interstate only TRS provider has increased the forecast for interstate minutes and

²⁰ NECA's administrative expenses incurred during its fourth year of operation as administrator (i.e., July 1997 through June 1998) were approximately 16 percent below the budgeted level. Included in the administrative expenses were some \$29,400 associated with the required audit of NECA's TRS operation performed by an external audit firm. NECA's administrative expense projection for the 1998-1999 fund includes projected expenses associated with this external audit requirement.

costs, by 27 percent and 28 percent respectively. Without the new provider, the interstate minute forecast would have increased by only .2 percent and interstate costs would have decreased by 1.8 percent. This combination of factors caused the 1999 TRS provider compensation rate to increase by less than 1 percent over 1998.

Although NECA collects TRS providers' minute forecasts for the following year and that forecast is used to develop the rate calculation, NECA uses actual historical growth data to estimate the size of the interstate TRS Fund. In past years, the providers' forecast has been lower than the NECA forecast but, for 1999, with the addition of the new provider, the providers' forecast is greater. NECA assumes, however, that the historical growth rate is a more accurate forecast of 1999 minutes for the following reasons and has used 1.1 percent growth per month for the 1999 forecast:

- 1) Interstate calls are made primarily through state relay centers. Relay users call one number to make local, intrastate, interstate and international calls. Extensive marketing would be necessary to gain interstate market share.
- 2) A new provider, with no state relay contracts, will have difficulty entering the market and gaining share.
- 3) While some of the new provider's minutes would be new relay minutes, most would come from other relay providers. The 1999

providers' forecast is inflated because it counts all of the new provider's minutes as new.

As detailed at Exhibit 4, the TRS Fund size, including growth in TRS expenses and demand and NECA TRS administrative expenses, is projected to be \$43.3 million for the April 1999 through May 2000 funding period. A \$9.3 million surplus in funds is anticipated for the current period. The total interstate funding requirement for April 1999 through March 2000 is projected to be \$34 million.

NECA will continue to monitor interstate TRS demand carefully, and keep the TRS Advisory Council and the Commission informed of actual reported demand levels as compared to forecasts.

IV. Payment Amount Effective Period and Filing Schedule

The payment formula that NECA files herein is proposed to remain in effect from January 1, 1999 through December 31, 1999. Exhibit 5 contains the schedule for monthly submission of interstate minutes to NECA, and the disbursement of payment for those minutes.

V. Program Administration

A. Advisory Council Report

In January 1994, in compliance with section 64.604 of the Commission's rules, NECA formed an interstate TRS Advisory Council to advise it on interstate TRS cost recovery matters.²¹ The advisory council includes non-paid volunteers from the hearing and speech disability community, TRS users (voice and text telephone), state regulators, interstate service providers, TRS providers and state relay administrators. Appendix B, Exhibit 1 contains a listing of current Advisory Council members.

In 1998, the Advisory Council held meetings in March, August and September. Many of the original members' terms expired at the end of 1997. Six new members joined the Council in 1998, attending their first meeting on March 4th. At the meeting, the Council heard a report on the Commission's December 22, 1997 Order approving NECA's proposed TRS provider payment formula for 1998.²² The August 1998 Council meeting focused on preparing Reply Comments to the TRS Notice of Proposed Rulemaking, which were subsequently filed on September 14, 1998. The September meeting agenda included presentations on the role of NECA as the fund administrator and on

²¹ 47 C.F.R. § 64.604(c)(4)(iii)(H).

²² Telecommunications Relay Services, and the Americans with Disabilities Act of 1990, CC Docket No. 90-571, 12 FCC Rcd 22046 (1997)

the 1999 TRS Provider rate. Council members representing the deaf, hard of hearing and speech disabled communities continue to express their concerns about TRS quality issues and the need to address them. Appendix B, Exhibit 2 contains meeting minutes for the September 1997 and February 1998 council meetings.²³

B. Audit Report

NECA has, to date, conducted 11 audits of TRS providers, including the three largest. Two additional audits of TRS provider's operations are being scheduled for October 1998. One large provider with multiple centers and one provider with a single center will be audited.

On December 2, 1997, NECA submitted copies of the financial statements of the TRS Fund for the fourth year of operation, together with an auditor's report from an independent certified accounting firm in accordance with sections 64.604 (c) (4) (iii) (D) and (H) of the Commission's rules.²⁴

The audit of the financial statements for the fifth year of TRS fund operation commenced mid-September 1998, and NECA anticipates submission of audited financial statements to the Commission prior to December 1, 1998.

²³ The September 1998 meeting minutes have yet to be approved by vote of the Council.

²⁴ 47 C.F.R. §§ 64.604 (c) (4) (iii) (D) and (H).

VI. Exhibits

This section contains the above-referenced exhibits.

Exhibit:

- 1.) Displays NECA calculations of TRS cost per minute of use for each center and projected interstate TRS costs by center including the payment formula and national average rate, using the aggregate data assembled by NECA.
- 2.) Displays actual Fund performance and projections for the funding period April 26, 1994 through March 25, 2000. (Each annual period for funding includes twelve monthly increments beginning with April and ending the following March.)
- 3.) Displays month by month expenses incurred by NECA to administer the TRS Fund.
- 4.) Displays funding requirements for the period April 1999 through March 2000.
- 5.) Contains the providers' schedule for reporting interstate minutes of use and NECA schedule for disbursing associated payments for calendar year 1999.

TRS Provider 1999 Rate Calculation

Center ID	A Total Minutes Excluding General Assistance	B Total Costs \$\$\$	C Cost/Minute \$\$\$ (B/A)	D Interstate Conversation Minutes	E Interstate Costs \$\$\$ (CxD)
1	4,207,245	13,571,112	3.225653	592,197	1,910,220
2	1,665,000	3,037,000	1.824024	422,920	771,416
3	1,196,000	2,402,000	2.008361	303,440	609,417
4	1,014,000	1,712,000	1.688363	258,200	435,935
5	14,786,000	14,416,000	0.974976	3,756,200	3,662,206
6	1,855,000	2,731,000	1.472237	471,440	694,072
7	4,605,000	6,572,000	1.427144	1,169,800	1,669,474
8	7,739,000	9,376,000	1.211526	1,965,840	2,381,666
9	1,908,000	3,015,000	1.580189	485,120	766,581
10	4,650,000	7,629,000	1.640645	1,181,200	1,937,930
11	529,000	841,000	1.589792	134,800	214,304
12	2,437,881	1,941,750	0.796491	34,327	27,341
13	493,525	1,762,390	3.571025	61,056	218,031
14	930,793	858,564	0.922401	43,513	40,137
15	4,310,197	5,077,187	1.177948	523,189	616,290
16	1,605,496	1,847,092	1.150481	310,521	357,248
17	9,164,800	12,009,118	1.310352	8,876,800	11,631,736
18	29,468,258	21,932,416	0.744273	3,901,132	2,903,506
19	13,754,474	10,304,290	0.749159	1,860,588	1,393,876
20	2,374,228	2,376,365	1.000900	265,607	265,846
21	1,513,335	1,340,526	0.885809	176,833	156,640
22	12,185,835	13,620,572	1.117738	1,981,660	2,214,977
23	5,885,001	7,263,433	1.234228	831,550	1,026,323
24	6,580,279	8,711,107	1.323820	1,385,916	1,834,704
25	6,859,319	8,483,182	1.236738	1,042,970	1,289,881
26	8,832,581	10,472,725	1.185692	1,409,365	1,671,074
28	2,921,916	2,994,368	1.024796	507,138	519,713
29	11,525,453	10,461,828	0.907715	2,113,911	1,918,829
30	12,080,636	12,074,012	0.999452	2,151,076	2,149,897
31	9,718,239	10,943,788	1.126108	1,394,153	1,569,967
32	9,776,033	9,355,702	0.957004	1,500,859	1,436,328
33	3,888,602	5,436,891	1.398161	454,615	635,624
34	2,433,841	3,547,528	1.457584	312,270	455,160
Totals	202,894,967	228,116,946		41,880,207	49,386,350
1999 Projected Reimbursement Rate					1.179229

Average Cost per Interstate Minute = Total Interstate Costs/Total Interstate Conversation Minutes

Average Cost per Interstate Minute for 1999 = 1.179

**TRS FUND PERFORMANCE
(ACTUALS)**

Exhibit 2
Page 1 of 3

Date	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations	Disbursements
1993 Totals	\$19,152,480	\$17,349,362	\$16,850	\$1,819,968	\$490,356	\$66,898	\$9,860,150	\$5,529,230
1994 Totals	\$31,532,185	\$32,111,847	\$8,415	\$1,248,721	\$435,377	\$797,267	\$26,830,588	\$26,462,271
1995 Totals	\$19,770,711	\$20,818,552	\$18,214	\$219,094	\$284,535	\$1,004,836	\$23,734,261	\$24,163,682
1/96	1,430,673	1,008,651		641,116	22,400	69,200	2,439,270	2,113,813
2/96	1,431,977	1,252,826		820,267	23,500	56,800	2,445,724	2,156,002
3/96	1,433,488	1,970,340		283,415	31,700	57,600	2,639,010	2,439,270
4/96	615	3,117,318		(2,833,288)	21,100	55,700	3,061,594	2,445,724
5/96	5,774,137	2,609,792		331,057	25,900	58,700	3,103,326	2,639,010
6/96	2,858,718	810,996		2,378,779	40,000	58,200	2,980,907	2,428,950
7/96	2,145,416	2,932,756		1,591,439	800	57,100	3,132,869	2,450,596
8/96	2,133,099	1,508,220		2,216,318	32,800	52,100	3,186,520	4,266,281
9/96	2,145,274	2,716,959		1,644,633	28,700	37,200	3,199,316	3,087,144
10/96	2,198,212	3,100,569	3,705	745,981	27,900	46,800	3,297,676	3,107,345
11/96	2,522,610	810,539		2,458,052	24,700	39,100	3,239,077	3,068,839
12/96	2,184,206	2,792,949	346	1,849,655	49,200	36,300	3,309,313	2,921,833
1996 Totals	\$26,258,425	\$24,631,915	\$4,051	\$1,849,655	\$328,700	\$624,800	\$36,034,602	\$33,124,807
1/97	2,195,000	2,571,672		1,472,983	22,000	32,600	3,147,031	2,380,184
2/97	2,172,726	1,664,514	638	1,981,833	22,400	27,900	2,789,811	2,423,164
3/97	2,291,739	1,580,356	138	2,693,354	34,900	30,000	3,095,578	2,230,690
4/97	37,012	6,746,612	7,521	(4,008,725)	25,300	30,400	2,998,817	1,949,904
5/97	11,427,498	6,125,418		1,293,355	24,200	50,200	2,944,916	2,185,374
6/97	4,783,636	4,481,267	5,358	1,601,082	25,600	64,800	3,004,672	3,503,941
7/97	4,311,961	4,005,196	6,539	1,914,386	26,600	66,200	3,132,355	3,449,213
8/97	4,334,758	2,463,387	1,086	3,786,843	24,900	69,600	3,082,603	3,284,975
9/97	4,275,231	4,335,529	49	3,726,594	27,700	98,000	3,064,699	3,417,322
10/97	4,442,372	5,003,049	5,949	3,171,866	29,300	96,200	3,190,603	3,316,916
11/97	4,227,056	1,832,908	6,149	5,572,163	31,900	97,700	3,064,290	4,273,450
12/97	4,256,758	8,771,217	3,428	1,061,132	4,000	117,300	3,173,912	3,695,811
1997 Totals	\$48,755,747	\$49,581,125	\$36,855	\$1,061,132	\$298,800	\$780,900	\$36,689,286	\$36,110,944
1/98	4,203,265	1,992,226	567	3,272,738	57,000	114,100	3,085,586	3,569,042
2/98	4,216,853	4,224,793	0	3,264,798	30,000	103,200	2,918,638	3,679,105
3/98	4,207,456	5,926,132	0	1,546,122	16,000	119,400	3,202,293	3,604,848
4/98	17,232	5,494,876	3,880	(3,927,642)	55,900	104,100	3,077,024	2,904,569
5/98	3,114,032	3,627,802	0	(4,441,412)	20,400	124,500	3,055,221	3,202,293
6/98	7,419,514	4,445,374	0	(1,467,272)	18,000	122,900	3,144,832	3,077,024
7/98	4,086,485	1,990,630	27,601	656,184	41,200	123,700	3,540,122	3,055,221
8/98	2,984,548	1,488,001	0	2,152,731	52,600	121,600		3,144,832
9/98								3,153,438
1998	\$30,249,385.00	29,189,834	32,048	2,152,731	291,100	933,500	22,023,715	29,390,372
Totals	\$175,718,933	\$144,492,857	\$116,433		\$2,128,868	\$4,208,201	\$155,172,601	\$154,781,306

**Miscellaneous Fund Statistics
##**

Total FCC431 Forms Submitted	3059
Total Gross Interstate Revenues	97.5B

Notes:

Payment Obligations - Reflects all minutes reported for month including those reported as adjustments in later months

Fund Requirements for July 26, 1993 Thru March 2000

Exhibit 2
Page 2 of 3

Date	Totals	Actual Reported Minutes	Actual W/O Toll Free	Toll Free IS Minutes	Total All Minutes	Payment Obligations	
1993 Totals	5,783,085	5,783,085				9,860,160	
1994 Totals	15,736,416	15,736,416	Interstate minutes, both toll free and non-toll free, are projected based on an industry growth rate of .011 per month.			26,830,588	
1995 Totals	18,201,120	18,201,120				23,734,260	
Jan 1996		1,768,869				2,439,270	
Feb		1,773,549				2,445,724	
Mar		1,913,713				2,639,010	
Apr		2,220,155				3,061,594	
May		2,250,418				3,103,326	
Jun		2,161,644				2,980,907	
Jul		2,271,841				3,132,869	
Aug		2,310,747				3,186,520	
Sep		2,320,026	1,268,415	1,051,611	2,320,026	3,199,316	
Oct		2,391,353	1,338,059	1,053,294	2,391,353	3,297,676	
Nov		2,348,859	1,321,407	1,027,452	2,348,859	3,239,077	
Dec 1996	26,130,966	2,399,792	1,369,923	1,029,869	2,399,792	3,309,313	
Jan 1997		2,585,892	1,420,647	1,165,245	2,585,892	3,147,031	
Feb		2,292,367	1,226,506	1,065,861	2,292,367	2,789,811	
Mar		2,543,614	1,402,935	1,140,679	2,543,614	3,095,578	
Apr		2,464,106	1,316,286	1,147,820	2,464,106	2,998,817	
May		2,419,816	1,321,916	1,097,900	2,419,816	2,944,916	
Jun		2,468,917	1,333,215	1,135,702	2,468,917	3,004,672	
Jul		2,573,833	1,389,870	1,183,963	2,573,833	3,132,355	
Aug		2,532,952	1,342,465	1,190,487	2,532,952	3,082,603	
Sep		2,518,241	1,334,668	1,183,573	2,518,241	3,064,699	
Oct		2,621,695	1,372,502	1,249,193	2,621,695	3,190,603	
Nov		2,517,905	1,303,408	1,214,497	2,517,905	3,064,290	
Dec 1997	30,147,318	2,607,980	1,392,929	1,215,051	2,607,980	3,173,912	
Jan 1998		2,641,769	1,346,441	1,295,328	2,641,769	3,085,586	
Feb		2,498,834	1,269,360	1,229,474	2,498,834	2,918,638	
Mar		2,741,689	1,394,102	1,347,587	2,741,689	3,202,293	
Apr		2,634,438	1,321,698	1,312,740	2,634,438	3,077,024	
May		2,615,771	1,331,354	1,284,417	2,615,771	3,055,221	
June		2,692,493	1,331,650	1,360,843	2,692,493	3,144,832	
Jul	18,524,855	2,699,861	1,338,024	1,361,837	2,699,861	3,153,438	
Date		Projected Minutes	Projected Non Toll Free	Projected Toll Free	Total Projected	Projected Payment Obligations	
Aug 1998		2,729,559	1,352,742	1,376,817	2,729,559	3,188,125	
Sep		2,759,585	1,367,622	1,391,962	2,759,585	3,223,195	
Oct		2,789,940	1,382,666	1,407,274	2,789,940	3,258,650	
Nov		2,820,629	1,397,876	1,422,754	2,820,629	3,294,495	
Dec 1998	32,476,225	2,851,656	1,413,252	1,438,404	2,851,656	3,330,735	
Jan 1999		2,883,025	1,428,798	1,454,227	2,883,025	3,399,086	
Feb		2,914,738	1,444,515	1,470,223	2,914,738	3,436,476	
Mar		2,946,800	1,460,404	1,486,395	2,946,800	3,474,277	
Totals	128,475,130	137,219,692	42,035,656	38,792,479	80,828,135	181,390,966	
Date		Projected Minutes	Providers' Projected	Projected Non Toll Free	Projected Toll Free	Total Projected	Projected Payment Obligations
Apr 1999		2,979,215		1,476,469	1,502,746	2,979,215	3,512,494
May		3,011,986		1,492,710	1,519,276	3,011,986	3,551,132
Jun		3,045,118		1,509,130	1,535,988	3,045,118	3,590,194
Jul		3,078,614		1,525,730	1,552,884	3,078,614	3,629,686
Aug		3,112,479		1,542,513	1,569,966	3,112,479	3,669,613
Sep		3,146,716		1,559,481	1,587,235	3,146,716	3,709,978
Oct		3,181,330		1,576,635	1,604,695	3,181,330	3,750,788
Nov		3,216,325		1,593,978	1,622,347	3,216,325	3,792,047
Dec 1999	36,768,050	3,251,704	41,880,207*	1,611,512	1,640,192	3,251,704	3,833,759
Jan 2000		3,287,473		1,629,239	1,658,234	3,287,473	3,875,931
Feb		3,323,635		1,647,160	1,676,475	3,323,635	3,918,566
Mar		3,360,195		1,665,279	1,694,916	3,360,195	3,924,708
Totals	150,442,700	37,994,791	43,277,512	18,829,837	19,164,954	37,994,791	44,377,916
1993 thru March 2000		April 1999 - March 2000		*Exh. 1 IS Minutes			

TRS Fund Performance and Projections
(July 26, 1993 thru May 1999)

Exhibit 2
Page 3 of 3

Date	Receivables	Collections	Refunds	Receivables Due	Expenses	Interest Income	Payment Obligations
1993 Totals	\$19,152,480	\$17,349,362	\$16,850	\$1,819,968	\$490,356	\$66,898	\$9,860,160
1994 Totals	\$31,532,185	\$32,111,847	\$8,415	\$1,248,721	\$435,377	\$797,267	\$26,830,588
1995 Totals	\$19,770,711	\$20,818,552	\$18,214	\$219,094	\$284,535	\$1,004,835	\$23,734,261
1996 Totals	\$26,258,425	\$24,631,915	\$4,051	\$1,849,655	\$328,700	\$624,800	\$36,034,602
1/97	2,195,000	2,571,672		1,472,983	22,000	32,600	3,147,031
2/97	2,172,726	1,664,514	638	1,981,833	22,400	27,900	2,789,811
3/97	2,291,739	1,580,356	138	2,693,354	34,900	30,000	3,095,578
4/97	37,012	6,746,612	7,521	(4,008,725)	25,300	30,400	2,998,817
5/97	11,427,498	6,125,418		1,293,355	24,200	50,200	2,944,916
6/97	4,783,636	4,481,267	5,358	1,601,082	25,600	64,800	3,004,672
7/97	4,311,961	4,005,196	6,539	1,914,386	26,600	66,200	3,132,355
8/97	4,334,758	2,463,387	1,086	3,786,843	24,900	69,600	3,082,603
9/97	4,275,231	4,335,529	49	3,726,594	27,700	98,600	3,064,699
10/97	4,442,372	5,003,049	5,949	3,171,866	29,300	96,200	3,190,603
11/97	4,227,056	1,832,908	6,149	5,572,163	31,900	97,700	3,064,290
12/97	4,256,758	8,771,217	3,428	1,061,132	4,000	117,300	3,173,912
1997	\$48,755,747	\$49,581,125	\$36,855	\$1,061,132	\$298,800	\$781,500	\$36,689,287
1/98	4,203,265	1,992,226	567	3,272,738	57,000	114,100	3,085,586
2/98	4,216,853	4,224,793		3,264,798	30,000	103,200	2,918,638
3/98	4,207,456	5,926,132		1,546,122	16,000	119,400	3,202,293
4/98	17,232	5,494,876	3,880	(3,927,642)	56,000	104,100	3,077,024
5/98	3,114,032	3,627,802		(4,441,412)	20,400	124,500	3,055,221
6/98	7,419,514	4,445,374		(1,467,272)	18,000	123,000	3,144,832
7/98	4,086,485	1,990,630	27,601	656,184	41,200	123,700	3,540,122
8/98	2,984,548	1,488,001		2,152,731	52,600	121,600	3,188,125
9/98	2,800,000 *	2,476,366 *		2,476,366 *	28,700 *	123,818 *	3,223,195 *
10/98	2,800,000 *	2,638,183 *		2,638,183 *	23,100 *	131,909 *	3,258,650 *
11/98	2,800,000 *	2,719,091 *		2,719,091 *	23,200 *	135,955 *	3,294,495 *
12/98	2,800,000 *	2,759,546 *		2,759,546 *	29,900 *	137,977 *	3,330,734 *
1998	\$41,449,385 *	\$39,783,019 *	\$32,048 *	\$2,759,546 *	\$396,100 *	\$1,463,259 *	\$38,318,915 *
1/99	2,800,000 *	2,779,773 *	*	2,779,773 *	\$28,320 *	\$138,989 *	3,399,086 *
2/99	2,800,000 *	2,789,886 *	*	2,789,886 *	\$24,320 *	\$139,494 *	3,436,476 *
3/99	2,800,000 *	2,794,943 *	*	2,794,943 *	\$29,520 *	\$139,747 *	3,474,277 *
4/99	*	1,397,472 *	*	1,397,472 *	\$31,820 *	0	3,512,494 *
5/99	*	698,736 *	*	698,736 *	*	0	3,551,131 *
1999	\$8,400,000 *	\$10,460,810 *	\$0 *	\$698,736 *	\$113,980 *	\$418,230 *	\$17,373,466 *
Totals (July 1993 thru May 1998)	\$195,318,933 *	\$194,736,630 *	\$116,433 *	*	\$2,347,848 *	\$5,156,790 *	\$188,841,279 *

Fund Balance Calculation *

Total Fund	\$195,318,933
NECA Expenses	(\$2,347,848)
Interest Income	\$5,156,790
Payments	(\$188,841,279)
Fund Balance	\$9,286,596

Payment Obligation estimates for January 1998 thru December 1998
calculated using \$1.168 per interstate minute
Payment Obligation estimates for January 1999 thru May 1999
calculated using \$1.179 per interstate minute

* Indicates projected data

DETAILED NECA EXPENSES
(JULY 1993 TO JULY 1998)
(000's)

Exhibit 3
Page 1 of 3

	JUL '93 THRU JUL '97													GRAND
CODE	ACTUALS	AUG '97	SEPT '97	OCT '97	NOV '97	DEC '97	JAN '98	FEB '98	MAR '98	APR '98	MAY '98	JUN '98	JUL '98	TOTAL
SALARIES														
SALARIES	267.5	5.2	5.2	5.2	5.2	0.2	8.1	3.8	3.6	4.2	9.0	9.1	1.2	327.5
OVERTIME	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2
SALARIES CHURN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SALARIES	268.7	5.2	5.2	5.2	5.2	0.2	8.1	3.8	3.6	4.2	9.0	9.1	1.2	328.7
OVERHEADS														
OVERHEAD CHURN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
OVERHEADS	73.1	1.4	1.3	1.3	1.3	-0.1	2.1	1.0	1.0	1.1	2.4	2.4	0.4	88.7
OVERHEADS	73.1	1.4	1.3	1.3	1.3	-0.1	2.1	1.0	1.0	1.1	2.4	2.4	0.4	88.7
CONTRACT LABOR														
CONTRACT LABOR	10.7	2.5	0.9	0.3	0	0	0	0	0	0.2	0	5	2	21.6
CONTRACT LABOR	10.7	2.5	0.9	0.3	0	0	0	0	0	0.2	0	5	2	21.6
TRAVEL														
TRAVEL - BUDGET	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AIR TRAVEL	16.1	0.0	0.0	1.3	0.0	0.3	0.0	0.0	1.2	0.0	0.0	0.0	0.0	18.9
OTHER TRANSPORTATION	4.3	0.0	0.0	0.3	0.0	0.1	0.0	0.0	0.4	0.0	0.0	0.0	0.0	5.1
TRAVEL MEALS	1.1	0.0	0.0	0.2	0.0	0.2	0.0	0.0	0.1	0.0	0.0	0.0	0.0	1.6
LODGING	7.4	0.0	0.0	0.9	0.0	0.0	0.0	0.0	0.6	0.0	0.0	0.0	0.0	8.9
OTHER TRAVEL	0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
TRAVEL	29.1	0.0	0.0	2.7	0.0	0.6	0.0	0.0	2.3	0.0	0.0	0.0	0.0	34.7
MISCELLANEOUS														
EDUCATION REIMBURS	3.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	4.1
TRAINING PROGRAM	1.6	0.0	0.1	0.0	0.0	0.0	0.0	1.5	0.0	0.3	0.0	0.0	0.0	3.5
BUSINESS MEETINGS/MEAL	3.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	3.1
AGENCY FEES	0.0	0.0	0.0	0.0	0.7	0.0	0.0	0.0	0.0	0.0	0.4	0.0	0.0	1.1
MISCELLANEOUS	-29.8	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-29.8
BANKING RELATED EXP.	51.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	51.5
TASK FORCE EXPENSE	75.1	0.0	0.0	8.1	0.0	0.0	2.2	0.6	7.6	5.0	0.0	0.0	0.0	98.6
BUSINESS ORGAN FEE	0.1	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2
CONFERENCE & SEMINARS	2.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	2.2
MISCELLANEOUS	107.6	0.0	0.1	8.2	0.7	0.0	2.2	2.1	7.6	5.3	0.4	0.0	0.3	134.5
CONSULTANTS														
CONSULTANTS	73.6	1.6	5.6	-2.5	1.6	1.6	1.6	6.6	-3.5	4.2	0.6	1.6	1.6	94.2
CONSULTANTS	73.6	1.6	5.6	-2.5	1.6	1.6	1.6	6.6	-3.5	4.2	0.6	1.6	1.6	94.2
SUBTOTAL	562.8	10.7	13.1	15.2	8.8	2.3	14.0	13.5	11.0	15.0	12.4	18.1	5.5	702.4

Exhibit 3
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[illegible]

**DETAILED NECA EXPENSES
(JULY 1993 TO JULY 1998)
(000's)**

**Exhibit 3
Page 3 of 3**

CODE	JUL '93 THRU JUL '97 ACTUALS	AUG '97	SEP '97	OCT '97	NOV '97	DEC '97	JAN '98	FEB '98	MAR '98	APR '98	MAY '98	JUN '98	JUL '98	GRAND TOTAL
NET INVESTMENT INCOME														
INTEREST INCOME	-2784.4	-81.6	-86.7	-96.2	-97.7	-117.3	-114.1	-103.2	-119.4	-104.1	-124.5	442.3	-123.7	-3510.6
LATE PAYMENT CHARGE	-23.0	0.0	-2.0	-2.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	-27.6
NET INVESTMENT INCOME	-2807.4	-81.6	-88.7	-98.8	-97.7	-117.3	-114.1	-103.2	-119.4	-104.1	-124.5	442.3	-123.7	-3538.2
DEPRECIATION/AMORT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
DEPRECIATION/AMORT	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TAXES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TAXES	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COST ALLOCATION														
COST ALLOCATION	1153.6	14.0	14.0	14.0	22.8	0.0	14.0	16.0	4.0	41.0	8.0	0.0	35.0	1336.4
COST ALLOCATION	1153.6	14.0	14.0	14.0	22.8	0.0	14.0	16.0	4.0	41.0	8.0	0.0	35.0	1336.4
INS AMORTIZATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
INS AMORTIZATION	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL EXPENSES	-1080.9	-56.7	-61.0	-69.6	-65.8	-113.5	-86.1	-73.1	-103.5	-48.1	-104.1	460.4	-82.5	-1484.5
MANAGER	47.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	59.00
ASST/ASSOC MANAGER	7.25						1.00	1.00	1.00	1.00	1.00	1.00	1.00	16.25
CLERICAL/ ADMIN	6.50													6.50
CHURN	0.00													0.00
TOTAL FORCE	60.75	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	81.75
CONTRACT LABOR	4.34	1.05	0.39	0.11	0.00	0.00	0.00	0.00	0.00	0.09	0.00	1.40	0.00	7.38
TOTAL	65.09	2.05	1.39	1.11	1.00	1.00	2.00	2.00	2.00	2.09	2.00	3.40	2.00	89.13
TRIPS	34	0	0	2	0	1	0	0	4	0	0	0	0	41

INTERSTATE TRS FUND REQUIREMENTS

(April 1999 thru March 2000)

	Annual
1. Proposed TRS Reimbursement Rate per Interstate Minute of Use	\$1.179
2. Projected Interstate Minutes (See Exhibit 2, Page 2)	37,994,791
3. Interstate TRS Fund Size (April 1999 thru March 2000)	
a. Projected Interstate Reimbursement (Line 1 x Line 2)	\$44,377,916
b. Uncollectible Allowance	\$0
c. NECA Administrative Costs	\$403,000
d. Interest Income	(\$1,530,000)
e. Total TRS Fund Requirements	\$43,250,916
4. Surplus TRS Funds (April 1998 thru March 1999) (See Exhibit 2, Page 3)	(\$9,286,596)
5. Additional Fund Requirement April 1999 thru March 2000	\$33,964,320

Interstate Telecommunications Relay Service (TRS)

1999 Monthly Schedule for Reporting Minutes and Associated Disbursement Dates

<u>Reporting Dates</u>	<u>Data Month</u>	<u>Adjustment Months</u>	<u>Disbursement Dates</u>
<u>1998</u>			
			No Later Than*
December 21	November	August, September, October	January 12, 1999

Reporting Date:

Date NECA is to receive reports
(15th work day of the month)

<u>1999</u>			
January 22	December	September, October, November	February 9
February 19	January	October, November, December	March 9
March 19	February	November, December, January	April 9
April 21	March	December, January, February	May 11
May 21	April	January, February, March	June 9
June 21	May	February, March, April	July 12
July 22	June	March, April, May	August 10
August 20	July	April, May, June	September 10
September 22	August	May, June, July	October 11
October 21	September	June, July, August	November 9
November 19	October	July, August, September	December 9
December 21	November	August, September, October	January 12, 2000

Data Month:

Calendar month for which data
is to be reported (except for the
initial monthly report as indicated)

Adjustment Months:

Prior data months for which
corrections can be submitted

Disbursement Date:

Date payment will be issued
for data being reported
(7th work day of month)

* Contingent upon sufficient funds and data processing time requirements

Questions should be addressed to the
NECA TRS Administrator on 973-884-8173.

APPENDICES

A.) TRS Provider Data Collection Form and Instructions

B.) Interstate TRS Advisory Council Information

Exhibit 1 Interstate TRS Advisory Council Membership

Exhibit 2 Interstate TRS Advisory Council Meeting Minutes

September 19, 1997 Minutes

March 4, 1998 Minutes

APPENDIX A

TRS Provider Data Collection Form and Instructions



100 South Jefferson Road
Whippany, New Jersey 07981
201/884-8085

John A. Ricker
Director
TRS Administration

May 27, 1998

To: Providers of Telecommunications Relay Services (TRS)

Federal Communication Commission (FCC) rules require NECA, as TRS Administrator, to annually collect data from all providers of TRS. This data is used to determine the total cost of providing relay service and to establish the per minute rate paid to TRS providers for interstate usage. We are requesting that the attached data request (Attachment A) be completed for each TRS center you operate and returned to NECA by July 15, 1998. Data Request instructions are provided at Attachment B. NECA requires that each form be certified by the responsible accounting officer of the organization providing TRS.

In addition to establishing the per minute rate for payment of interstate TRS for 1999, the data being submitted will be used to establish the size of the Interstate TRS Fund for the period April 1999 through March 2000. The data request has been designed to gather both actual and projected data in order to assure that the rate per minute calculations most accurately reflect the costs and demand for interstate TRS services.

NECA will file the proposed 1999 per minute payment level with the FCC on September 30, 1998 as part of its Annual Report on Telecommunications Relay Service required by the rules. The revised rate is scheduled to become effective in January 1999 upon Commission approval. Centers will receive interstate reimbursement, at the revised rate, for TRS services provided from January through December 1999.

NECA treats all data provided for TRS purposes as proprietary and confidential. While individual TRS center cost and demand data are included in NECA's annual filing, identification of the provider is masked to retain confidentiality. Data will not be disclosed to anyone other than authorized NECA staff, without prior notice and consent of those providing these data.

Your continued support and cooperation have contributed to making this process extremely successful. If we can assist you or improve our administration in any way please let us know. We look forward to a continuing and mutually satisfying business relationship.

Sincerely,

A handwritten signature in dark ink, appearing to read "John A. Ricker", is written over a horizontal line.

Attachments

cc K. Monteith, FCC
J. Lande, FCC

**Telecommunications Relay Service (TRS)
TRS Center Data Request****I. General Information**Purpose of Data Request

This request has been designed to identify TRS cost and demand data requirements and to assure consistency in the development of an average rate per interstate minute to be effective January 1999 thru December 1999. Please complete and return the attached data request. Detailed instructions have been provided on Attachment B.

Due Date: July 15, 1998

Return To: Maripat Brennan
100 South Jefferson Road
Whippany, New Jersey 07981

Questions regarding this data request and instructions should be directed to Maripat at
~~201-884-8063.~~
913

II. Provider/Center Identification

Note: Please read the attached instructions carefully before completing this section.

A. Service Provider/Administrator:

Provider: _____
Contact Name: _____ Telephone: () _____
Address: _____
City/State: _____ Zip Code: _____

B. Center Location

Provider: _____
Contact Name: _____ Telephone: () _____
Address: _____
City/State: _____ Zip Code: _____

C. Data Request Response Contact

Name: _____ Telephone: () _____

Telecommunications Relay Service (TRS)
TRS Center Data Request

D. Other Center Information

(If additional space is required in responding to any of these questions,
 feel free to include additional pages.)

1. Current Contract and Interstate Funding Information for primary states/entities served by this center.
 (Additional form provided on this question if center serves multiple primary states)

State/Entity: _____
 Contract Dates From: _____ To: _____
 Per Minute Contract Rate _____

Are any costs for interstate TRS currently being recovered by a means other than the TRS Fund? Yes ____ No ____ If yes, please briefly describe other sources of recovery.

2. In order to assist NECA in analyzing the data being submitted, please provide a summary of any changes/activities that cause unusual or substantial changes in cost and/or demand data (e.g. gains or losses in number of primary states served; increased volumes due to specific outreach programs) This should also include any characteristics unique to a center that might not be comparable to other centers (e.g. a center may be partially staffed by volunteers thereby reducing salary expenses or a center may be located in a high cost area).

3. Briefly describe any service changes and or improvements since the 1997 filing, as well as changes to be implemented in 1999 that affect the cost and or demand data.

**Telecommunications Relay Service (TRS)
TRS Center Data Request**

III. Total Annual TRS Expense Data**A. Annual Recurring Fixed/Semi-Variable Expenses**

Expenses	1997 Actuals	1998 Annualized Actuals	1999 Projected
1. Rent			
2. Utilities			
3. Building Maintenance			
4. Property Tax			
5. Furniture (if leased)			
6. Office Equipment (if leased)			
7. Other			
Subtotal			

B. Annual Recurring Variable Expenses

Expenses	1997 Actuals	1998 Annualized Actuals	1999 Projected
1. Salaries & Benefits			
2. Telecommunications Expenses			
3. Office Expenses			
4. Staff Management Expenses			
5. Billing Expenses			
6. Relay Center Management			
Subtotal			

Telecommunications Relay Service (TRS) TRS Center Data Request

C. Annual Administrative Expenses

Expenses	1997 Actuals	1998 Annualized Actuals	1999 Projected
1. Finance/Accounting			
2. Legal/Regulatory			
3. Engineering			
4. Operations Support			
5. Human Resources			
6. Billing			
7. Contract Management			
8. Risk Management			
9. Other Corporate Overhead			
Subtotal			

D. Annual Depreciation Associated With Capital Investment

Expenses	1997 Actuals	1998 Annualized Actuals	1999 Projected
1. Furniture & Fixtures			
2. Telecommunications Equipment			
3. Leasehold			
4. Other Capitalized			
Subtotal			

E. Other TRS Expenses

Expenses	1997 Actuals	1998 Annualized Actuals	1999 Projected
1. Taxes			
2. Other			
3. Coin Sent Paid Expenses			
4. Outreach Expenses			
Subtotal			
Grand Total (All Expenses)			

Telecommunications Relay Service (TRS)
TRS Center Data Request

IV. Annual TRS Demand Data/TRS Total Minutes

Minutes	1997 Actuals	1998 Annualized Actuals	1999 Projected
1. Local			
2. Intrastate - MTS			
3. Interstate - MTS			
4. International - MTS			
5. Toll Free			
6. 900			
7. General Assistance (GA)			
Total Minutes of Service			

V. Certification

I hereby certify that I have overall responsibility for the preparation of accounting data for _____ (name of TRS provider/common carrier) and that I am authorized to execute this certification. Based upon my personal knowledge and/or information provided to me by employees or agents responsible for the preparation of, data submitted herein, I hereby certify that the data have been examined and reviewed and are true and correct, and complete.

Date: _____

Signature: _____

Name: _____

Title: _____

Telecommunications Relay Service (TRS)
TRS Center Data Request

Question II. D. 1. - Additional space for Centers Serving Multiple States

1. Current Contract and Interstate Funding Information for primary states/entities served by this center.

State/Entity: _____
 Contract Dates From: _____ To: _____
 Per Minute Contract Rate _____

Are any costs for interstate TRS currently being recovered by a means other than the TRS Fund? Yes ____ No ____ If yes, please briefly describe other sources of recovery.

2. In order to assist NECA in analyzing the data being submitted, please provide a summary of any changes/activities that cause unusual or substantial changes in cost and/or demand data (e.g. gains or losses in number of primary states served; increased volumes due to specific outreach programs) This should also include any characteristics unique to a center that might not be comparable to other centers (e.g. a center may be partially staffed by volunteers thereby reducing salary expenses or a center may be located in a high cost area).

3. Briefly describe any service changes and or improvements since the 1997 filing, as well as changes to be implemented in 1999 that affect the cost and or demand data.

Instructions
TRS Center Data Request

I. General Information

- A. Return data responses on or before July 15, 1998.
- B. TRS Costs should be reported for each TRS center using a separate data request form.
- C. Any allocated costs should be developed from accounting records using acceptable and supportable allocation methods.
- D. Direct any questions associated with this data request to Maripat Brennan at (201) 884-8063.

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II. Provider/Center Identification

A. Service Provider/Administrator

Provide the requested information for the TRS provider (i.e., the entity responsible for providing interstate TRS). The contact person should be the individual that will serve as the official provider interface for the interstate TRS Fund Administrator.

B. Center Location

Provide the location of the center through which TRS is provided by reporting entity. The contact name provided here should be an individual familiar with center operations and demand data.

C. Data Request Response Contact

Provide the contact name and telephone number of the person to which questions or clarifications regarding this data request response should be directed.

D. Other Center Information

Please complete this section for each state included in the reporting center. Your answers to these questions will obviously vary so feel free to provide additional pages if necessary. An additional form has been included at the end of the data request for question II. D. 1. for centers serving more than one primary state.

III. Total Annual TRS Cost Data

TRS costs include all costs that are attributable to providing interstate TRS as required under Part 64 of the FCC rules including the costs of gathering traffic, costs associated with the center itself, and the cost of handing off calls to the interexchange carrier. TRS costs do not include the costs of the interexchange carrier in terminating the call after it leaves the center. These costs are recovered by carriers from the end user.

Cost data submitted on this data request should be:

- 1.) The total annual costs of providing TRS including state, interstate, and local costs;
- 2.) Provided only once. (Do not report the same cost in more than one category.) The sum of all data categories should reflect total costs of the reporting entity.
- 3.) Actual annual 1997 costs, annualized actual costs for 1998, and projected annual cost for 1999;
- 4.) Only those costs actually associated with providing TRS. If, for example, the center performs multiple functions, an allocation of expenses will be required to report those costs associated with TRS.

A. Annual Recurring Fixed/Semi-Variable Expenses

1. **Rent:** Annual payments solely for use of land and/or buildings rented for the sole purpose of provision of TRS.
2. **Utilities:** Includes expenses associated with land and buildings such as costs of water, sewerage, fuel, electrical power. Telephone service such as center 800 number costs may also be included here.
3. **Building Maintenance:** Includes expenses for maintenance and repair.
4. **Property Tax (if owned):** Taxes paid on property owned and used for the provision of TRS.
5. **Furniture (if leased):** Lease or rental expenses associated with furniture and artworks.
6. **Office Equipment (if leased):** Lease or rental expense associated with office equipment.

B. Annual Recurring Variable Expenses

1. **Salaries and Benefits:** Include compensation to employees

such as wages, salaries, commissions, bonuses, incentive awards and termination payments. Also include payroll related benefits paid on behalf of employees such as pensions, savings plans, workers compensation required by law, insurance plans (life, hospital, medical, dental, vision), and social security and other payroll taxes.

2. Telecommunications Expenses: Includes expenses associated with costs of inspecting, testing, analyzing and correcting trouble, repairing or reporting on telecommunications plant (switching, transmission, operator, cable and wire) to determine need for repairs, replacements, rearrangements, and changes. Includes costs for activities such as controlling traffic flow, administering traffic measuring and monitoring devices, assigning equipment and load balancing, collecting and summarizing traffic data, administering trunking, and assigning interoffice facilities and circuit layout work.

NOTE- Expenses reported here should be in addition to the telephone service expense reported at Section A, Item 2 (Utilities).

3. Office Expenses: Expenses associated with the office equipment such as repairs. Also includes materials and supplies.

4. Staff Management: Includes costs incurred in providing overall administration and management such as fees and expenses for office staff, secretaries, staff assistants etc. Include costs of supervision and office support.

5. Billing Costs: Includes costs of rating of toll messages and billing functions not recovered from other sources.

6. Relay Center Management: Include general and administrative costs incurred or performed and not included in other accounts. This includes providing food services (e.g., cafeterias, lunch rooms and vending facilities).

C. Annual Administrative Costs

1. Finance/Accounting: Costs incurred in providing accounting and financial services. Accounting services include payroll and disbursements, property accounting, capital recovery, regulatory accounting, tax accounting, auditing, capital and operating budget and control, and general accounting (journals, ledgers, and financial reports). Financial services include banking operations, cash management, benefit investment fund management etc.

2. Legal/Regulatory: Costs incurred for legal services.

Includes conducting and coordinating litigation, providing guidance on regulatory and labor matters etc. Also included are court costs, filing fees, cost of counsel etc. Includes cost of preparing and presenting information for regulatory purposes such as responding to this data request.

3. **Engineering:** Includes costs incurred in the general engineering of the TRS telecommunications plant.

NOTE- Expenses reported here should not have been included in the amount reported in Section B, Item 2 (Telecommunications Expense) above.

4. **Operations Support:** Includes the costs of training, scheduling, and counseling of employees.

5. **Human Resources:** Includes costs incurred in performing personnel administration activities. This includes manpower recruiting, forecasting, planning, and reporting.

6. **Billing:** Includes administrative costs of rating and providing billing information to interexchange and exchange carriers if not recovered by other means.

7. **Contract Management:** Costs of managing activities required by the provider contracts

8. **Risk Management:** Includes management costs associated with workman's compensation, payments in settlement of accident and damage claims, insurance premiums against losses and damages, sickness and disability payments etc.

9. **Other Corporate Overheads:** Includes other administrative costs of providing TRS not included in previous categories. This could include, for example, costs such as marketing, advertising, customer service etc.

NOTE- Outreach expenses should be reported at Section E, Item 4.

D. **Annual Depreciation/Amortization Associated with Capital Investment**

1. **Furniture and Fixtures:** Annual depreciation expense on furniture and fixtures.

2. **Telecommunications Equipment:** Depreciation expense associated with capitalized costs of telecommunications equipment including switching equipment, operator services equipment, cable and wire facilities, transmission equipment, and power equipment.

3. Leasehold: Amortization of Leasehold Improvements (improvements which become a permanent part of a building such as walls or carpeting).

4. Other Capitalized Depreciation Expense: Include TRS depreciation expense not accounted for in other categories.

E. Other TRS Costs

1. Taxes: Include federal, state, local, gross receipts or other tax expenses.

NOTE- Do not include property taxes previously reported at Section A, Item 4.

2. Other: Include here TRS costs not yet accounted for in the data being provided, for example, margins or profits. Provide attachment describing any expenses included in this category.

3. Coin Sent Paid: Include costs incurred for coin sent paid TRS service.

4. Outreach: Include costs for outreach programs.

IV. Annual TRS Demand Data

Annual TRS Minutes

All minute data provided should be annual data. The 1997 minutes should be actual TRS conversation minutes. The 1998 minutes should be annualized actuals. (e.g., 6 months actual minutes multiplied by 2 = 1 year) Minutes for 1999 should be projected minutes for the calendar year 1999. The projection should reflect reasonable growth rates and include other considerations that might increase or decrease the minutes handled by a center, such as, implementing service for an additional state.

Provide annual or annualized minutes as follows:

1. Local: TRS non-toll conversation minutes for completed calls that are included in monthly billing.

Note: Conversation minutes are measured in terms of conversation time - i.e., from point of call completion to disconnect. Do not include time for call ringing, time waiting for a live answer, call set-up, call wrap-up, and calls that have reached busy numbers or receive no answer.

2. **Intrastate Message Telephone Service (MTS):** TRS state toll conversation minutes billed for completed calls within the state. Does not include toll free or 900 minutes.

3. **Interstate MTS:** TRS interstate toll conversation minutes billed for completed calls across state boundaries. Does not include toll free or 900 minutes.

4. **International MTS:** TRS conversation minutes billed for completed international calls. Does not include toll free or 900 minutes.

5. **Toll Free:** TRS conversation minutes for completed toll free (800/888 calls). Total toll free minutes should be reported. Do not include any of these minutes in the intrastate, interstate or international categories.

6. **900:** TRS conversation minutes for completed 900 calls. Total 900 minutes should be reported. Do not include any of these minutes in the intrastate, interstate or international categories. 900 minutes are currently not reimbursed by the TRS fund.

7. **General Assistance:** Include TRS minutes required to provide miscellaneous assistance or services such as time, temperature, service explanations etc.

VI. This data request must be certified by a responsible accounting officer. Please read the certification and provide signature accordingly.

Note: Responder should retain copies of all supporting data, worksheets or other documentation, for example, allocation worksheets used to develop this response.

APPENDIX B, EXHIBIT 1

Interstate TRS Advisory Council Membership

Interstate TRS Advisory Council



Members

p. 1 of 2

Mr. Stephen Gregory ('98 - '01)
Self Help for Hard of Hearing People
(represents hearing/speech disability community)
515 Lakeview Avenue
Pitman, New Jersey 08071-1874



609-589-5010 voice/tty
609-582-9798 fax

Internet: greg515@iname.com

Ms. Pamela J. Ransom, J.D., M.S.W. ('98 - '01)
(represents TRS users)
Common Ground Solutions, Inc.
711 South Boulevard, Suite 5
Oak Park, Illinois 60302



708-660-9417 voice
708-660-9418 fax

Internet: ransom@cgsolutions.com

Mr. Gary Warren, Vice-Chair
(returning) ('98 - '02)
(represents TRS providers)
Executive Vice President
Hamilton Telephone Company
1001 Twelfth Street
Aurora, Nebraska 68818



402-694-5101 voice
402-694-2848 fax

Internet: gwarren@hamilton.net

Mr. Stephen Bartlett ('98 - '02)
(represents interstate service providers)
General Manager
Wabash Telephone Cooperative
210 S. Church St.
P.O. Box 299
Louisville, IL 62858



618-665-3311 voice
618-665-4188 fax

Internet: bart@wabash.net

Ms. Judith Viera ('98 - '02)
Consumer Action Network
(represents hearing/speech disability community)
Director of Sales
Wynd Communications Corporation
Suite 240, 75 Higuera Street
San Luis Obispo, CA 93401



805-781-3433 tty
805-781-6000 voice
805-781-6001 fax

Internet: jviera@wynd.com

Vacant Seat ('98 - '02)
(represents TRS users)



Internet:

Mr. Robert R. Hodges, Secretary
(returning) ('98 - '01)
(represents TRS providers)
President
Kansas Relay Service, Inc.
700 SW Jackson Street, Suite 704
Topeka, Kansas 66603



785-234-0307 voice
785-234-2304 fax

Internet: rhodges@kstelecom.com

Vacant Seat ('98 - '01)
(represents interstate service providers)



Internet:

Tom Sanew, Chair
Stephen Bartlett
Marilyn Crain
Stephen Gregory

Gary Warren, Vice-Chair

Rob Hodges, Sect'y
Sara Kyle
Pamela J. Ransom
Judith Viera

Interstate TRS Advisory Council



Members

p. 2 of 2

Mr. Tom Sanew, Chair
(**returning**) ('98 - '99)
(represents state administrators)
TRS Contract Administrator
State of Wisconsin
Department of Administration
101 East Wilson St., 8th Floor
Madison, Wisconsin 53707 Fed Exp. Zip 53702



608-267-0613 voice
608-267-6934 tty
608-266-2164 fax

Internet: sanewt@mail.state.wi.us

Vacant Seat ('98 - '01)
(represents state commissions)



Internet:

Ms. Marilyn Crain ('98 - '99)
(represents state administrators)
Executive Director
Louisiana Relay Administration Board
315 S. College Road, Suite 208
Lafayette, LA 70503



318-266-9620 voice
318-266-9620 tty
318-266-9618 fax

Internet: mistre@email.msn.com

The Honorable Ms. Sara Kyle ('98 - '02)
(represents state commissions)
Commissioner
Tennessee Regulatory Authority
460 James Robertson Pkwy
Nashville, Tennessee 37243-0505




615-741-3125 voice
615-741-2336 fax


Internet: skyle@mail.state.tn.us

NECA Staff

100 S. Jefferson Road, Whippany, New Jersey 07981
Fax #: 973-884-8469, 8470

Ms. Maripat Brennan
Manager, TRS Administration
 973-884-8063 voice
973-884-8555 tty

Internet: mbrenna@neca.org

Mr. John Ricker
Executive Director, Universal Service Support
Programs
 973-884-8085 voice

Internet: jricker@neca.org

Note: In parentheses after the member's name is the length of the current board term of that member. An asterisk indicates a member who is serving his/her second consecutive term.

Tom Sanew, Chair
Stephen Bartlett
Marilyn Crain
Stephen Gregory

Gary Warren, Vice-Chair

Rob Hodges, Sect'y
Sara Kyle
Pamela J. Ransom
Judith Viera

APPENDIX B, EXHIBIT 2

Interstate TRS Advisory Council Meeting Minutes

September 19, 1997 Meeting Minutes

March 4, 1998 Meeting Minutes

Interstate TRS Advisory Council

Minutes

Meeting September 19, 1997

Attendance

The meeting of the Interstate TRS Advisory Council was convened by Warren Barnett, Chair, at approximately 8:30 a.m. on September 19, 1997 at the Grouse Mountain Lodge in Whitefish, MT. Council members attending were: Warren Barnett, Alfred Sonnestrahl, Robert Hodges, Gary Warren, David Schmidt, Doug Kinkoph, Tom Sanew, Dan Pouliot, and C. Dukes Scott. Providing staff support for NECA was Melinda McDowell - manager & interstate TRS fund administrator. Other NECA representatives in attendance were Ken Levy, vice president & general counsel and John Ricker - director of TRS administration.

Minutes

Minutes of the February 1997 meeting were approved.

NECA Staff Reports

Melinda McDowell reported on the status of the TRS fund. Melinda also gave a chronology of toll free minutes reported to the TRS Fund and discussed the status of NECA's implementation of the December 17, 1996 FCC Order which suspended payments for unprojected toll free minutes. The last payment for the suspended minutes will be March of 1998.

Melinda also discussed the Florida PUC petition that requested the interstate TRS fund reimburse the Florida TRS provider and states in similar situations for toll free minutes prior to September 1996. Melinda passed out a draft of the comments NECA was planning to file on the petition. The Council discussed the petition and NECA's comments. NECA's comments were neutral and did not take a position on the merits of the request.

The Council discussed the effect of unlimited retroactivity on the TRS Fund and NECA's procedure of only allowing Providers to retroactively adjustment minutes for three months. After much discussion the following motion was made and adopted: "NECA staff is instructed to draft comments for the Council. These comments should state the Council does not support unlimited retroactivity of TRS minutes. The Council supports NECA's policy of only allowing three months of retroactivity of TRS minutes."

Melinda then reviewed the Provider reimbursement rate for 1998 of \$1.168, which will be filed with the FCC on October 1, 1997. Melinda reviewed the data collection process and trends seen in the data. She also reported that the interstate toll free factor would remain at 64%.

Warren M. Barnett, *Chair*
Irma Muse Dixon
Dan Pouliot

Alfred Sonnenstrahl, *Vice Chair*
Doug Kinkoph
David Schmidt

Tom Sanew

Karen Peltz-Strauss, *Secretary*
Robert R. Hodges
C. Dukes Scott

April M. Myers
Gary Warren

A discussion followed on if the Council should review ways to reduce call lengths and set standards for the Industry. After much discussion the Council determined that this was not within its role as defined by the FCC.

Melinda then reported that in July 1997, the fund received a request to reimburse a Provider for speech-to-speech minutes. This request was reviewed with the FCC and the FCC denied the request since speech-to-speech is currently part of an ongoing proceeding.

Melinda then reminded the Council that all terms expire at the end of this year except for the state relay administrators whose term will expire at the end of 1999. Melinda mentioned that at the end of this year NECA will be contacting the various constituent groups to nominate representatives to the Council for the next terms. According to the bylaws, one of the terms will be for three years and the other for four years.

Ken Levy then discussed NECA governance. He mentioned that NECA will be setting up a NECA subsidiary, the Universal Service Administrative Company (USAC) to administer aspects of the federal universal service programs. NECA will be interim administrator pending FCC selection of a permanent administrator. USAC will have a balanced board of directors, consisting of contributor and receiver group representatives. Ken stated that the establishment of USAC should have no impact on the Council, even though TRS administration might be transferred to USAC. If the FCC sought to transfer TRS to USAC, a rulemaking or waiver proceeding would be needed and the Council would have an opportunity to comment.

NECA will also be setting up two additional corporations that will not be affiliated with NECA. These corporations are the schools and libraries corporation and the rural health care corporation. These corporations will have their own board of directors that will be approved by the FCC.

John discussed the possibility of the FCC combining the revenue data collections for TRS and other programs. Combining data collections would reduce the cost of completing and processing forms. The FCC would initiate a proceeding to combine data collections and the Council would have a opportunity to comment.

Melinda mentioned that the FCC approved the use of the TRS contributor name and addresses to mail the USAC Form 457. The FCC did not allow the TRS revenue information to be used by USAC to validate the data collection.

FCC Update

Andy Firth gave an update on the state certification process, the TRS Notice of Proposed Rulemaking

Warren M. Barnett, *Chair*
Irma Muse Dixon
Dan Pouliot

Tom Sanew

Alfred Sonnenstrahl, *Vice Chair*
Doug Kinkoph
David Schmidt

Robert R. Hodges
C. Dukes Scott

Karen Peltz-Strauss, *Secretary*
April M. Myers
Gary Warren

(NPRM) and hearing-aid compatibility. Matt Nagler gave an update on the coin- sent paid issue and, on potential use of area code 711 to access TRS Relay centers.

Other Business

Tom Sanew announced the new board of directors of National Association of State Relay Administrations (NASRA). A request was made that for each Council meeting, a report be prepared of those contributors who are not paying their TRS obligation. In addition, a report was requested of TRS trends that could have an impact on the fund. NECA staff agreed to prepare the reports for the next Council meeting.

Next Meeting

A motion was made to have the meeting in Washington D.C. on March 4 and the motion passed. The meeting was adjourned at 2:00 p.m.

Respectfully submitted,

Karen Peltz-Strauss, Secretary
by Melinda M. McDowell, National Exchange Carrier Association, Inc.

Minutes approved by Interstate TRS Advisory Council on March 4, 1998

Warren M. Barnett, *Chair*
Irma Muse Dixon
Dan Pouliot

Tom Sanew

Alfred Sonnenstrahl, *Vice Chair*
Doug Kinkoph
David Schmidt

Robert R. Hodges
C. Dukes Scott

Karen Peltz-Strauss, *Secretary*
April M. Myers
Gary Warren

Interstate TRS Advisory Council



Meeting Minutes

March 4, 1998

ATTENDANCE

Because the current chairman's term had expired and a new chairman had not yet been elected, the meeting of the Interstate TRS Advisory Council was convened by Melinda McDowell of NECA at approximately 9:00 a.m. on March 4, 1998, at the Embassy Suites Hotel, Washington, D.C. Council members attending were: Bruce Goldstein, Stephen Gregory, Robert Hodges, Marilyn Istre, Sara Kyle, Pam Ransom, Tom Sanew, Judith Viera, and Gary Warren; two members did not attend. Providing NECA staff support for the Council was Melinda McDowell, Manager, TRS Administration. Other NECA representatives attending were Ken Levy, Vice-President & General Counsel, and John Ricker, Director, TRS Administration. In the audience were Kris Monteith, Andy Firth, Marilyn Jones, Helene Nankin, and Les Seltzer - FCC staff; Maripat Brennan and Theresa King - AT&T; and Alfred "Sonny" Sonnenstrahl and Karen Peltz-Strauss - advocates.

Several new members had joined the Council since the last meeting so each person introduced her/himself. One vacancy still exists on the Council but it is expected to be filled shortly. Melinda reviewed the Council's mission and the expense reimbursement policy for the members.

AGENDA

After a short discussion on the meeting's agenda, it was amended to include a discussion on expanding the council's role under the Other Business section.

MINUTES

Minutes of the September 19, 1997 meeting were approved with requests for more detail on discussions and an action item list to be included in future minutes.

OFFICER ELECTIONS

Results of the council elections held during the March 4 meeting were as follows:

Chairman: Tom Sanew

Vice-Chairman: Gary Warren

Secretary: Rob Hodges

Between the officer elections and the presentation of the NECA staff reports, Tom Sanew made some initial remarks, thanking the members for placing their trust in him and complimenting NECA and its staff on how well the Council meetings are run and the organization of the pre-meeting materials. After Tom had members of the FCC who were in the audience introduce themselves, there was some discussion on the experience level of the FCC staff working on the state TRS program certification since Andy Firth was moving to a new position in the Universal Service branch. Kris Monteith

Tom Sanew, *Chair*
Steven Bartlett
Marilyn Crain
Bruce Goldstein

Gary Warren, *Vice-Chair*
Stephen Gregory

Robert Hodges, *Secretary*
Sara Kyle
Pamela J. Ransom
Judith Viera

assured the Council that the team addressing certification had sufficient experience on TRS and she did not anticipate problems. Further discussion was tabled until the FCC update scheduled for later on the agenda.

NECA STAFF REPORTS

Melinda McDowell presented several reports to the Council.

Overview of the TRS fund

Using information in Tabs 8 and 9 of the pre-meeting material, Melinda explained the report filed October 1, 1998 with the FCC - Interstate TRS Fund Payment Formula and Fund Size Estimate (Tab 8). For the period April 1998 through March 1999, the reimbursement rate will be \$1.168 for 38.2M interstate minutes. The Fund requirement for the '98/'99 time frame is about \$44M minus a surplus of \$8.493 for the current period, making the actual requirement \$35.8M.

The FCC Order adopted December 22, 1998 added a 10% margin of safety and approved NECA's proposed TRS provider reimbursement rate. The Order also set the carriers' contribution factor of \$.00039 and adopted the 1998 TRS Fund Worksheet, Form 431. This form is distributed to about 3600 contributors during March (Tab 9).

A great deal of discussion followed this report in response to a question as to whether any other formulas were considered before choosing the one that is used. Concern was expressed that there is a link between the amount of the reimbursement rate and the quality of relay service, that a low rate would not incent the use of new technology or reward better service.

Delinquent TRS Accounts

Tab 7 of the pre-meeting materials included the list of 16 companies that were behind in their TRS payments. Melinda explained how potential losses are handled; Ken Levy reviewed how NECA deals with collections and bankruptcies.

December 22, 1997 Order; Use of TRS Name and Address for North American Numbering Plan Administration (NANPA)

The Order, in Tab 9, was covered earlier in the staff reports. Tab 10 contained the FCC public notice about NANPA reporting which referenced the TRS database.

Regulatory Update and Long Term Trends

At the previous council meeting, it was requested that a list of trends in the industry and current regulatory matters be compiled. This information was provided in Tab 11 of the pre-meeting material.

At the conclusion of the staff reports, Judith Viera introduced a motion that NECA develop alternative collection and reimbursement formulas that promote service enhancements no later than June 1, 1998. After much discussion, the following motion was approved: The staff come back to the Council at the fall meeting with however many alternative funding mechanisms they can propose for Council consideration at that time. The alternatives should be furnished as early as possible to give the members enough time to review them and be prepared to discuss them at the meeting. An explanation of how the original formula was chosen should also be included.

To make the best use of the remaining time before lunch, Tom modified the agenda to allow Ken to give background on NECA, and to recognize prior Council members.

Ken provided some history of NECA, how it came to be the TRS administrator and other activities it is involved in like universal service, Schools and Libraries Corporation and Rural Health Care Corporation.

Tom then asked Melinda to read the resolutions recognizing the two retiring council members who were in the audience, Sonny Sonnenstrahl and Karen Peltz-Strauss. Tab 13 of the pre-meeting materials contained all seven resolutions; Melinda read the two honoring Sonny and Karen. A motion to adopt all seven resolutions was passed; a plaque or certificate will be made up for each of the retiring members.

Returning to the earlier discussion on alternative provider reimbursement formulas, Marilyn Istre requested a list of the costs per conversation minutes of all the states. Melinda responded that the TRS provider data was collected by center, not state. It was also mentioned that the information is proprietary. Marilyn felt it was necessary to have this information since you couldn't tell if the NECA reimbursement rate was covering the costs unless you knew the costs. She said that NASRA had some of this data, that much of it was public, and that she would help collect it. Marilyn also questioned whether NECA was billed on a full minute or a tenth of a minute basis since that would have an impact on the providers' reimbursement. NECA responded that the fund is billed for minutes, not tenths of minutes. Ken felt the FCC would have to develop a rule if reimbursement was to be based on tenths of minutes. Council members agreed that they wanted to discuss this issue at the September meeting.

The Council then broke for lunch.

Tom reconvened the meeting after lunch and introduced Kris Monteith, leader of the TRS group in the FCC Network Services Division.

FCC UPDATE

Kris reintroduced her team members in the audience and then gave an update on current TRS activities.

State certification

Applications have been received from 52 jurisdictions - all 50 states, DC and Puerto Rico. An initial review has taken place and the staff has begun sending letters to states where additional information was required. By March 15, all letters will have been sent. In cases where the staff could determine from the application that the state program did not meet all the standards, certification would be issued on an ongoing basis as the requirements were met. Kris anticipated that all certifications would be completed by the deadline.

In response to a Council member's question, Kris cited situations that caused the staff to request more information - the application would say that TRS was publicized in directories but a copy of the directory information was not included. Some discussion followed on what the FCC TRS staff did with comments from the public on the state applications. In response to a question concerning the impact of the NPRM or a rules change on the certifications, Kris said that a time period would be

provided within which states could come into compliance with new rules.

After a lengthy discussion on functional equivalency associated with the cost of a call to a relay user, there was a request for a Council meeting to discuss making comments on the forthcoming NPRM. Kris stated that she expected the NPRM to be issued in the spring or early summer.

Coin sent paid

An order to continue the suspension for one more year of the requirement that carriers provide coin sent paid service through TRS was issued August, 1997. Kris would like to solve the issue once and for all and hopes to issue an NPRM on coin sent paid in spring or early summer 1998.

711 for TRS

In February 1997, the FCC announced 711 would be made available for relay. To develop a record on the technical implementation issues associated with 711, an NPRM was issued at the same time. The record is complete and an order is expected by the end of 1998. In response to a question concerning state involvement after the order is issued, Kris confirmed that the activity will then move from the FCC to the individual states.

Florida petition

No decision on the September 1997 Florida petition requesting reimbursement for interstate toll free minutes has been made and it is a somewhat lesser priority.

Waiver of \$100 minimum

Small companies have requested that the \$100 minimum annual payment into the TRS fund not be required of them since they are exempted from contributing to other funds because of their size. The staff is reviewing this issue.

OTHER BUSINESS

Steve Gregory then asked what would be the process to use to expand the Council's mission beyond cost recovery so that the FCC could take advantage of the Council's expertise. Kris answered that, since the Council's mission is derived from FCC rules, a rulemaking procedure would be necessary. After a great deal of discussion on the appropriate way to proceed, the following motion was passed with one abstention: Resolve that this Advisory Council requests that the FCC address the issue of an advisory entity concerned with quality assurance for TRS in its forthcoming NPRM. It was decided that a letter to the FCC with this resolution would be drafted by NECA staff and signed by the Council Chair.

A shorter discussion on arranging a meeting to provide comments on the forthcoming NPRM followed. Marilyn made the following motion which was passed: that the Council recommend a 60/30 day comment period and waive the 30 day notice requirement for any meeting that may be required to address issues raised in the NPRM, specifically for that meeting only.

NEXT MEETING

After various dates were proposed, the Council agreed upon Thursday, September 24, 1998 as the date for the fall meeting. The location will be east of the Mississippi and NECA will determine the city.

AUDIENCE PARTICIPATION

Sonny commented that he felt the Council had four excellent representatives from the consumer side. He also mentioned that the TRS community planned to have an open forum to review the NPRM as soon as it came out and he invited the Council members to attend. The location will be Washington, DC. Judith felt it would be appropriate to have a Council representative there. The expense of sending a representative was discussed since it was not known if the expense could be covered by the Fund.

Merilyn moved to adjourn; the motion was carried and the meeting ended at 4:02 p.m.

Respectfully submitted,

Robert Hodges, Secretary

By Maripat Brennan, National Exchange Carrier Ass'n, Inc.

Minutes approved by Interstate TRS Advisory Council on August 24, 1998.